

EXHIBIT A

Execution Copy

OPERATING AGREEMENT

This AGREEMENT is made as of the 26th day of July, 1996, by and between Dutchess Radiology Associates, P.C., (the "Radiologists") a professional services corporation duly organized and existing under the laws of the State of New York, having its principal place of business at 191 Delafield Street, Poughkeepsie, New York 12601 and Vassar Brothers Hospital, ("Vassar") a not-for-profit corporation duly organized and existing under the laws of the State of New York, having its principal place of business at Reade Place, Poughkeepsie, New York 12601.

WITNESETH:

WHEREAS, Magnetic Resonance Imaging, CT Scans, Mammography and other radiological services have been recognized by the medical community as critical aids to the diagnosis and treatment of certain medical conditions;

WHEREAS, there is a need for outpatient diagnostic imaging services in the service area of Vassar Brothers Hospital;

WHEREAS, it is anticipated that this need will become more acute with the continuing development of additional uses for MRI, CT Scan, Mammography and other radiological technology;

WHEREAS, the entities signing this agreement have a commitment to providing quality medical care and are thus desirous of ensuring that quality MRI, CT Scan, Mammography and other radiological services are available to patients either through physician owned and operated medical practices or through other entities authorized to provide such services;

WHEREAS, because of the high costs associated with the construction and maintenance of diagnostic imaging centers and the level of expertise required to ensure effective operation of such facilities, Vassar and the Radiologists desire to form a limited liability company to provide equipment, other assets and management services to professional service corporations and other entities which provide imaging services to patients;

WHEREAS, the Members desire this Operating Agreement to govern their relationship and the conduct of the business of such limited liability company;

WHEREAS, the entities signing this Agreement desire to form the "Company" pursuant to the New York Limited Liability Company Law;

WHEREAS, the entities signing this Agreement desire to establish their respective rights and obligations pursuant to the New York Limited Liability Company Law in connection with forming the Company;

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are acknowledged, the entities signing this Agreement below agree as follows:

ARTICLE I Definitions

1 *Definitions.* In this Agreement, the following terms shall have the meanings set forth below:

1.1 "*Affiliate*" means (i) with respect to the Radiologists, any person who at any time during the Term is a shareholder, director, officer or employee of the Radiologists and any entity wholly or partly owned or controlled by, or under common control with, the Radiologists; and (ii) with respect to Vassar, any entity wholly or partly owned or controlled by or under common control with Vassar.

1.2 "*Agreement*" means this Operating Agreement by and among the parties hereto as such agreement may be amended, modified or supplemented from time to time.

1.3 "*Articles of Organization*" shall mean the Articles of Organization of the Company filed or to be filed with the New York Secretary of State, as they may from time to time be amended.

1.4 "*Available Cash*" means (at the time of determination) all monies and funds of the Company, including, but not limited to, cash, demand deposits and short-term marketable securities, arising out of or directly attributable to Operating Revenues, after provision has been made for: (A) Operating Expenses; and (B) such amounts as the Members shall deem reasonable in order to provide for any anticipated, contingent, or unforeseen expenditures or liabilities of the Company. Available Cash shall be determined without regard to: (X) Capital Contributions; or (Y) principal advanced on account of any Company indebtedness.

1.5 "*Business Assets*" means the assets described in Exhibit "A" attached hereto and made a part hereof.

1.6 "*Capital Account*" means a Member's Capital Account in the Company as described

herein.

1.7 "*Capital Contributions*" means the cash, property and/or services contributed to the Company by the Members pursuant to this Agreement.

1.8 "*Code*" means the Internal Revenue Code of 1986, as amended, or any successor statute or law thereto, as amended.

1.9 "*Company*" shall refer to the limited liability company to be formed as provided herein.

1.10 "*Company Business*" means the business of providing equipment and other assets, tangible and intangible, and management and administrative services to providers of MRI, CT Scan, Mammography and other Radiological Services in the "Geographic Radius".

1.11 "*Consent of the Members*" means the written consent of each of the Members.

1.12 "*Distribution*" means any cash and other property paid to a Member by the Company from the operations of the Company.

1.13 "*Effective Date*" means the effective date of this Agreement, which is June 1, 1996.

1.14 "*Fiscal Year*" shall mean the fiscal year of the Company, which shall be the year ending December 31st.

1.15 "*Geographic Radius*" means the geographic area crosshatched on Exhibit "B" attached hereto and made a part hereof.

1.16 "*Membership Interests*" shall mean with respect to the Company the value of all Capital Contributions and with respect to any Member the ratio of the value of the Capital Contribution of such Member to the aggregate value of all Capital Contributions.

1.17 "*Member*" shall mean each Person who or which executed a counterpart of this Agreement as a Member and each Person who or which may hereafter become a party to this Agreement.

1.18 "*Net Income*" and "*Net Loss*" means, respectively, the net income or net loss of the Company from operations, as reported for federal income tax purposes, including all distributive items under Section 702 of the Code.

1.19 “*New York Act*” shall mean the New York Limited Liability Company Act.

1.20 “*Operating Committee*” means a committee consisting of four (4) members who will have the authority to transact all ordinary and routine business of the Company. The Radiologists and Vassar shall each appoint two (2) members to the Operating Committee and the Member appointing such members shall have the power and authority to remove and replace either or both of such members from time to time in its sole discretion. The Operating Committee may not transact any business involving the structure of the Company or any extraordinary or non-routine business of the Company without the Consent of the Members. The Operating Committee shall present regular reports on the Company Business to the Members at intervals determined by the Members.

1.21 “*Operating Expenses*” means and include all normal operating expenses of the Company as approved by the Consent of the Members or as permitted under the terms of this Agreement.

1.22 “*Operating Revenues*” means all revenues received by the Company attributable to the operation of the Company Business and related activities at any time during the period under consideration, including, but not limited to earnings on Company bank accounts and other investments, and any other miscellaneous revenue.

1.23 “*Person*” shall mean any corporation, governmental authority, limited liability company, partnership, trust, unincorporated association or other entity.

1.24 “*Radiologists*” means Dutchess Radiology Associates, P.C.

1.25 “*Radiology*” and “*Radiological Services*” means all forms of medical imaging, including without limitation by means of Roentgen rays and Radioisotopes, ultra-sonography, CT scanning and magnetic resonance imaging, as used from time to time by the Radiologists for diagnostic and therapeutic purposes or otherwise, and whether or not such medical imaging is employed in other specialties of medicine.

1.26 “*Radiology Practice*” means the Radiologists provision of MRI, CT Scan, Mammography and other Radiological Services in the “Geographic Radius”, excluding services provided at Vassar Brothers Hospital by the Radiologists or any of its Affiliates..

1.27 “*Service*” means the Internal Revenue Service.

1.28 “*Treasury Regulations*” shall mean all proposed, temporary and final regulations promulgated under the Code as from time to time in effect.

1.29 “*Vassar*” means Vassar Brothers Hospital.

In addition to the terms defined in this Article, other terms defined elsewhere in this Agreement shall have the meanings set forth therein.

ARTICLE II

2 Organization

2.1 *Formation.* One or more Persons has acted or will act as an organizer or organizers to form the Company by preparing, executing and filing with the New York Secretary of State the Articles of Organization pursuant to the New York Act.

2.2 *Name.* The name of the Company is "Imaging Support Services, LLC" or such other name as may be determined by the Consent of the Members from time to time.

2.3 *Principal Place of Business.* The principal place of business of the Company within the State of New York shall be 191 Delafield Street, Poughkeepsie, New York 12601, or at such other place as may be determined by the Consent of the Members from time to time. The Company may also have such other places of business as the Members may from time to time determine are necessary, convenient or desirable for the conduct of the Company Business.

2.4 *Business.* The purpose and business of the Company shall to provide equipment, other assets and management and administrative services to professional service corporations and other entities which provide Radiological Services to patients;

2.5 *Covenants re: Business Agreements:* Vassar and the Radiologists each covenant as follows during the Term of this Agreement:

2.5.1 the Radiologists shall operate the Radiology Practice in the ordinary course of business and in substantially the same manner as it has been operated prior to the date hereof (subject to the provisions set forth herein and in documents to be executed as provided herein). The Radiology Practice shall include, without limitation, the following locations and services:

Location	Radiological Services
191 Delafield Street, Poughkeepsie, New York	MRI and CT Scan
West Cedar Street, Poughkeepsie, New York	X-Ray and Ultrasound Mammography
Mobile Van	Mammography

The Radiologists shall provide services to patients at the Radiology Practice without regard to the patient's race, color, creed, sex or ability to pay for services. The Radiologists will accept Medicare assignment and Medicaid at the locations subject to this Agreement. Beneficiaries of the Medicare and Medicaid programs will be provided with the same level of services as other patients.

2.5.2 On the Effective Date, the Radiologists and Company shall enter into a Management and Resources Agreement in the form attached hereto and made a part hereof as Exhibit " C " (the "Resources Agreement").

2.5.3 Any equipment required in connection with new or additional Radiological Services to be provided through the Radiology Practice as provided herein will be leased by the Radiologists from the Company at fair market value.

2.6 *Authority.* The Company shall have authority to do all things necessary, convenient or desirable to accomplish its purpose and operate its business. The Company exists only for the purpose specified herein and it shall not engage in any other business without the Consent of the Members. This Agreement does not and shall not be construed to create a relationship among the Members with respect to any activities whatsoever other than those expressly specified in this Agreement. No Member shall have any power to bind the Company, or any other Member(s), except as may be expressly provided for in this Agreement. The Radiologists and Vassar each agree to take such action as Members as may be necessary to cause the Company to execute the agreements described in this Agreement to which Company is a party and to otherwise carry out its obligations hereunder.

2.7 *Term.*

2.8 *Termination by Either Member.*

2.8.1

2.8.2

2.9 *Termination by Radiologists.*

2.9.1

2.9.2

2.10 *Termination by Vassar.*

2.11 *Effect of Termination.*

ARTICLE III

3 Members

3.1 *Current Members.* Vassar and the Radiologists are the only current members of the Company.

3.2 *Additional Members.* A Person may be admitted as a member after the date of this Agreement upon the unanimous vote or unanimous written consent of the Members, which consent shall specify the terms and conditions of any such admission of an additional member.

ARTICLE IV

4 Management

4.1 *General.* Management of the Company shall be vested in the Members and the Member shall have and be subject to all of the duties and liabilities of managers.

4.2 *Operating Committee.* Notwithstanding the foregoing to the contrary, the Operating Committee shall have the authority to transact all ordinary and routine business of the Company; however, the Operating Committee may not transact any business involving the structure of the Company or any extraordinary or non-routine business of the Company without the Consent of the Members. The Operating Committee shall devote such time as is necessary to the Company business in order to diligently transact the Company's Business.

4.3 *Operating Committee Responsibilities.* The Operating Committee, in the discharge of its responsibilities to transact all ordinary and routine business of the Company shall make all decisions regarding the administration, supervision, operation, management, leasing and disposition of the Company assets, and the other business activities of the Company including, without limitation, arranging for the performance of all necessary or required administrative functions of the Company's Business, including, but not limited to, custodial and management accounting functions, filing all necessary federal, state and local tax returns and other reports or filings; provided however:

4.3.1

4.3.2

4.4 *Operating Committee Quorum; Actions.* The Operating Committee shall require a quorum of at least three (3) members to act on behalf of the Company, and an affirmative vote of three (3) members shall be required to authorize any action. Members of the Operating Committee may participate in meetings and vote via telephone.

ARTICLE X

10 Accounting; Audits; Tax Returns; Insurance

10.1 *Bank Accounts; Deposits and Disbursements.* The Operating Committee shall cause one or more bank accounts to be opened and maintained in the name of the Company in such bank or banks as the Operating Committee shall determine. All revenues, proceeds and receipts of the Company, including, without limitation, the Capital Contributions from the Members and Operating Revenues will be deposited in such bank account(s). All such revenues, proceeds and receipts shall be and remain the property of the Company. Funds held in such account(s) will be disbursed only for Company purposes and only in accordance with the provisions of this Agreement, including, without limitation, for the payment of Company debts, obligations and expense. No funds other than Company funds shall be deposited in such bank account(s) and no Company funds shall be co-mingled with any other funds.

10.2 *Books and Records.*

10.3 *Financial Statements; Tax Returns.*

12.11 *Injunction.*

ARTICLE XIII

13 Miscellaneous.

13.1 *Entire Agreement.* The terms and conditions of this Agreement (including the schedules hereto) constitute the entire agreement between the parties with respect to the subject matter hereof and supersede any prior understandings, agreements or representations by or between the parties, written or oral. There are no understandings, representations or warranties of any kind whatsoever, except as expressly set forth herein. The exhibits attached to this Agreement constitute an integral part hereof for all purposes, including, without limitation, the construction and interpretation of the respective rights and obligations of the Parties hereto.

13.2 *Amendment.* This Agreement may not be modified or amended at any time without the written Consent of the Members

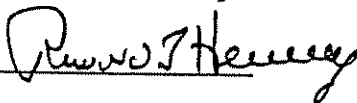
13.3 *Notices.*

13.4 *Additional Documents.* Each Member hereto agrees to execute, with acknowledgment or affidavit if required, any and all documents which may be necessary or expedient in connection with the creation of the Company and the achievement of its purposes.

rules and to preserve Vassar's tax-exempt status.


IN WITNESS WHEREOF, the parties hereto have duly made, signed, acknowledged and sworn to this Agreement as of the day and in the year first above written.

Vassar Brothers Hospital

By: 

Title: SENIOR VICE PRESIDENT

Dutchess Radiology Associates, P.C.

By: 

Title: PRE